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TAGS: PGOV PREL ECON TU EUN

SUBJECT: TURKEY REACTS TO GAERC DECISION MORE IN SORROW

THAN IN ANGER

Classified By: POLITICAL COUNSELOR JANICE G. WEINER, for reasons 1.4(b), (d)

- 11. (SBU) Turkish officials are reacting with grudging acceptance to the December 11 GAERC decision by EU Foreign Ministers to suspend eight of the 34 remaining chapters in Turkey's EU accession negotiations, as the European Commission had recommended. Foreign Minister Abdullah Gul referred to a "lack of vision" in the EU, but asserted that Turkey would continue to "walk down its path." Prime Minister Recep Tayyip Erdogan, speaking to his party group in parliament December 12, affirmed that his government would continue "with resolve" the process of economic and political reforms. Government spokesman and Justice Minister Cemil Cicek, speaking the evening of December 11, noted that it was necessary to approach this calmly and that Turkey's modernization project and its EU goal would continue.
- 12. (SBU) Erdogan, careful to keep Turkish Cypriots (TC) in his sights, reviewed history, explaining that when his government signed the Additional Protocol, it did so based on the understanding that the Turkish Cypriots' isolation would be ended. Turkey had been treated unfairly, he stated, adding that the current situation in Turkey-EU relations was not in line with the common goal set by Turkey and the EU. He reiterated his government's commitment to open its ports and airports to Greek Cypriots once TC isolation is lifted, as well as his conviction that a lasting and fair solution to the Cyprus problem can occur only under the auspices of the UN.
- 13. (C) Ambassador was in touch with the PM's office to urge that the government not react too negatively. He pointed out that negotiations could proceed on 26 chapters, and that this decision would make it more difficult for the Greek Cypriots and others to block progress. The Finnish presidency had issued a very helpful statement on the need for a UN settlement of the Cyprus problem.
- 14. (U) Turkish financial markets, having already priced in this type of outcome, were unperturbed by the GAERC decision. Investors and analysts have been downplaying concerns about Turkey's EU accession troubles for some time. As expected, markets have taken the past week's news flow in stride, including yesterday's GAERC decision. Analyst commentary was mostly of the glass-half-full variety, given the Foreign Ministers' reference to reducing the isolation of the Turkish

Cypriots.

¶5. (C) Comment: So far, the Turks are complaining but not too loudly. They recognize that (a) it could have been worse, and (b) the EU train will continue to move forward — if not quickly, perhaps more smoothly than it has. The PM has reinforced his Cyprus flank; all are proclaiming the reform process will continue to move forward. And if, indeed, the TC trade regulation is taken up and passed at the next GAERC, it will create more room for the GOT to maneuver. All in all, an acceptable muddle through. End comment.

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